

AR45



24

**ANNUAL REPORT 1971**  
**AUTO ELECTRIC SERVICE COMPANY, LIMITED**







## Directors

Thomas M. Bradfield  
Harold C. Brindle  
Alexander H. Douglas  
Archibald A. Kerr  
Ayton G. Keyes  
George F. Leaver  
Donald A. McIntosh, Q.C.  
James C. Walker  
James J. P. Walsh, Q.C.

## Officers

Alexander H. Douglas  
*Chairman of the Board and President*  
A. Zoberman  
*Vice-President, Finance*  
R. G. Woodhouse  
*Vice-President, Purchasing*  
D. A. Bogle  
*Treasurer*  
A. F. Jones  
*Secretary*

## Transfer agents and registrars

National Trust Company, Limited,  
*Toronto*

## Bankers

Canadian Imperial Bank of Commerce,  
*Toronto, Vancouver, Ottawa, Winnipeg*

## Auditors

Thorne, Gunn, Helliwell & Christenson,  
*Toronto*

## Head office

1000 Lawrence Ave. West,  
Toronto, Ontario

## Wholly-owned subsidiaries

Auto Electric Service (Pacific) Limited,  
*Vancouver, North Vancouver, Kamloops, Nelson,  
Penticton, and Victoria, British Columbia*

Auto Electric Service (Western) Limited  
*Winnipeg, Manitoba*

Autolec Services (Quebec) Limited  
*Montreal, Quebec*

Canadian Aviation Products, Limited  
*Toronto, Ontario*

Auto Electric Service (Kitchener) Limited  
*Kitchener, Ontario*

Garage Supply Company, Limited  
*Toronto, Ontario*

Autolec Services (Ontario) 1963, Limited

Harris Auto Electric Division  
*Barrie, Ontario*

Cliff Towle Auto Electric Division  
*Peterborough, Ontario*

North Bay Auto Electric Division  
*North Bay, Ontario*

Autolec-Garage Supply  
*Richmond Hill, Ontario*

Westway Auto Electric Division  
*Brampton, Ontario*

Whitaker and Revercomb Limited  
*Victoria, Alpha, Colwood, Duncan, Nanaimo,  
Port Alberni, Courtenay, British Columbia*

Keyes Supply Company Limited  
*Ottawa, Kingston, Cornwall, Pembroke, Hawkesbury,  
Sault Ste. Marie, North Bay, Sudbury, Brockville,  
Ontario*

Automobile Supply Company Limited  
*Winnipeg, Manitoba*

The Auto Wrecking Company Limited  
*Winnipeg, Manitoba*

Triangle Auto Stores Ltd.  
*Winnipeg, Manitoba and Regina, Saskatchewan*

Autolec Grand Prix Car Clinic Limited  
*Hamilton, Kitchener, Toronto, Ontario*

Modern Automotive Warehousing Limited  
*Victoria, Vancouver, Kamloops, British Columbia;  
Regina, Saskatchewan; Winnipeg, Manitoba;  
Sudbury, Hamilton, Toronto, Ottawa, Ontario;  
Montreal, Quebec*





## Officers and executives

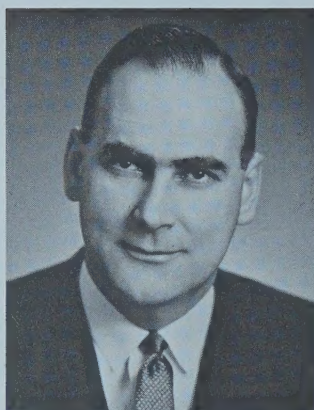


*Middle row (left to right)*

**Roy B. Morrison**  
President, Keyes Supply  
Company, Limited, Ottawa

**Robert Short**  
Vice-President, Modern  
Automotive Warehousing Limited

**Cavan Darragh**  
Director, Air Cooled Engine  
Division

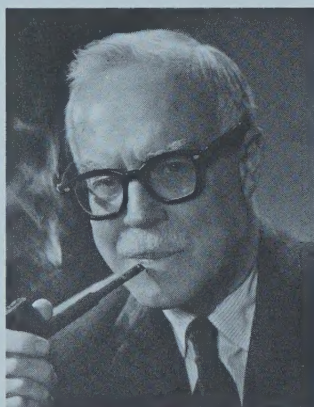


*Top row (left to right)*

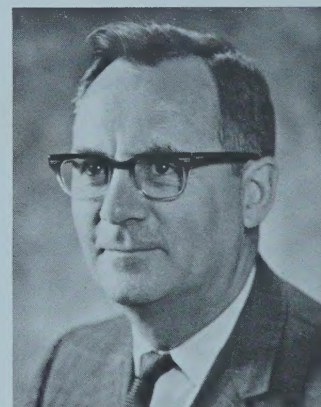
**William A. Phillips**  
President, Auto Electric Service  
(Pacific) Limited, Vancouver

**George A. McElheran**  
President, Auto Electric Service  
(Western) Limited, Winnipeg

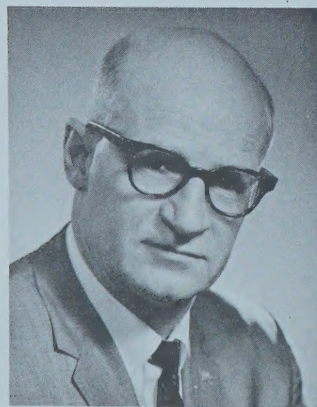
**Thomas M. Bradfield**  
Vice-President, Garage Supply  
Company, Limited, Toronto



**Arthur F. Jones**  
Secretary, Auto Electric Service  
Company, Limited, Toronto  
Comptroller, Keyes Supply  
Company, Limited, Ottawa



**Dennis Bogle**  
Treasurer, Auto Electric Service  
Company, Limited, Toronto  
Comptroller, Garage Supply  
Company, Limited, Toronto



**Ronald G. Woodhouse**  
Vice-President, Purchasing,  
Toronto



**Albert Zoberman**  
Vice-President, Finance, Toronto





## Annual report of the directors



Your Directors submit the Annual Report of the Company, together with the Consolidated Balance Sheet as at December 31, 1971, the related Consolidated Statement of Income and Retained Earnings with comparative figures for the previous year, and a statement of the Source and Application of funds.

### Financial

Consolidated sales of the Company and its subsidiaries for the year 1971 were \$31,509,393 compared to \$29,001,416 for 1970; an increase of \$2,507,977.

Profits before taxes were \$490,700 compared to a loss in 1970 of \$220,000. Profits after taxes were \$331,466 compared to a loss in 1970 of \$168,321.

✓ Common share profit after taxes was 54¢ compared to a loss of 28¢ per share in 1970 on 611,407 shares outstanding in both periods.

Profits in 1971 were reduced by a write off of \$33,000 in our appliance division due to the change in excise taxes made in June 1971.

### Operations

The decentralization of our operations into 4 regions was completed in 1971 and is functioning satisfactorily, with regional headquarters in Vancouver, Winnipeg, Toronto, and Ottawa.

The consolidation and integration of product lines started in 1970 is now complete.

### Premises

#### *Peterborough*

A new warehouse constructed on a 2 acre parcel of land in Peterborough Industrial Park was occupied in September.

#### *Sudbury*

Your Company's new 30,000 square foot branch and central distribution warehouse was completed in the Centennial Industrial Park and Keyes Supply Company, Limited, a wholly owned subsidiary, took possession

in January 1972. This new warehouse has allowed us to consolidate four smaller locations we had occupied, into one operation.

We have incorporated into this warehouse a branch of Modern Automotive Warehousing to service automotive jobbers in Northern Ontario.

#### *Toronto*

##### *68 Densley Avenue*

In February your Company purchased a branch warehouse at the above location and transferred the automotive trade operations from 1000 Lawrence Avenue.

#### *Air Cooled Engine Division*

We have been appointed Central Service and Warehouse Distributor for the Provinces of Ontario and Manitoba by Canadian Curtiss-Wright Ltd. for the "CCW" air cooled engine. This is a snowmobile engine being manufactured to Curtiss-Wright specifications.

This division of our Company was separated from our automotive operations in 1970 and now has its own management and sales group across Canada. It continues to improve its sales and profits.

### New Products

Keyes Supply Company, Limited, a wholly owned subsidiary headquartered in Ottawa has obtained distribution rights for Northern and Eastern Ontario for Panasonic closed circuit television and video-tape recording line. A separate marketing and service department has been established for this product line. The initial marketing will be to educational, institutional and various government offices; Keyes are one of Panasonic's largest distributors of home entertainment products.

#### *Hart Batteries*

We have secured the exclusive rights for Canada for the distribution of Hart Batteries for automotive, industrial, marine and fleet use from E.S.B. Limited.

We expect these distribution rights should substantially increase our battery sales in 1972.



The many and varied exhaust system components are racked, in the new Sudbury Warehouse, to provide convenience and efficiency in handling, with minimum space requirement.

## Outlook for 1972

### *Vancouver*

The Company entered into an Agreement of Sale for its property located at 1025 Howe Street for the sum of \$475,000. We have received a deposit of \$50,000 with a closing of the transaction in April of 1973. We must give vacant possession of the building at that time.

### *Toronto*

We have arranged to cancel our lease at 1000 Lawrence Avenue and will be constructing new premises in 1972 in the Northwest Toronto area.

Our goals of sales and profits for 1971 were reached and we are optimistic that with the expanding market for our products, the improvement in sales and profits will continue.

## Personnel

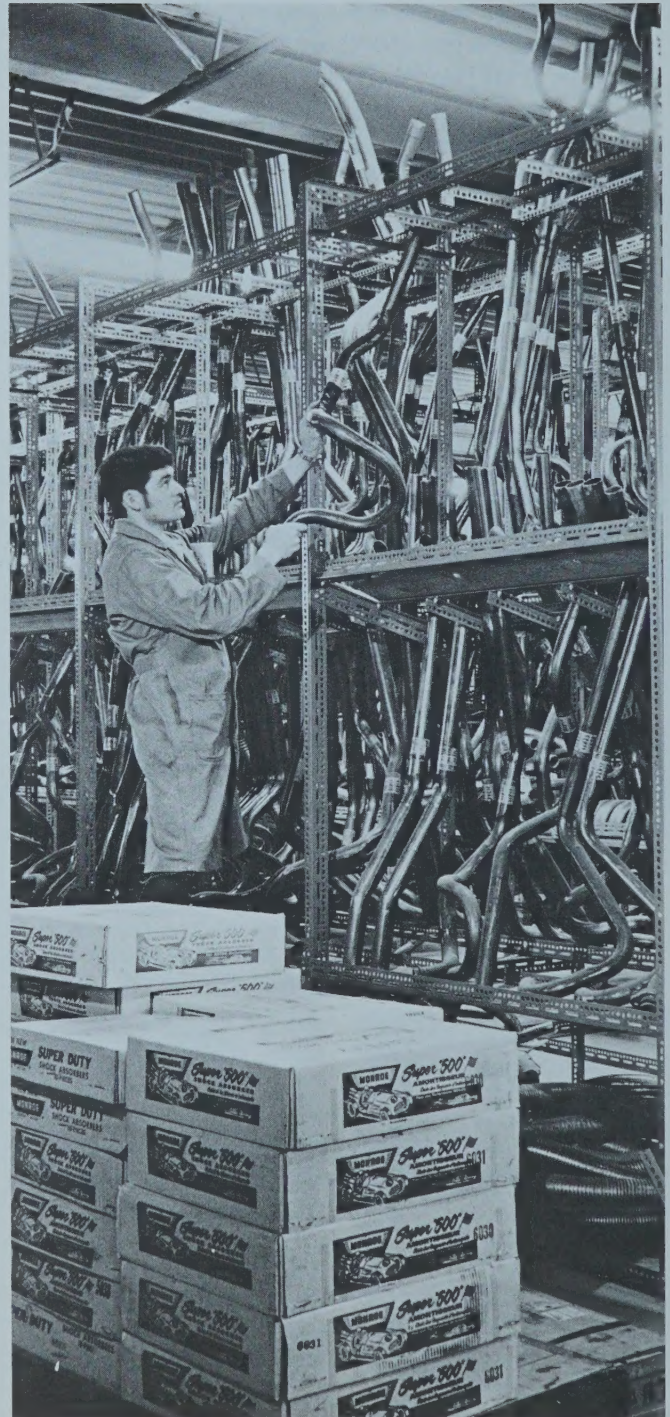
It is with regret that we have accepted the decision of Mr. Archibald Kerr not to stand for re-election to the Board of Directors. Mr. Kerr has been active with the Company for over 40 years and a Director since the year 1955. He has agreed to serve as "Director Emeritus" and as such we will have the benefit of his counsel.

Mr. Roy B. Morrison has been nominated for election to the Board of Directors to fill the vacancy. Mr. Morrison is President of Keyes Supply Company, Limited, headquartered in Ottawa.

He graduated from the University of British Columbia, and is a member of PHI Kappa PI. He is the Honorary Treasurer of the Army Cadet League of Canada, Ex-Commanding Officer of IV Princess Louise Dragoon Guards and President of the Canadian Distributors Association.

The Directors wish to express their appreciation to all of the Companies' employees for their services and conscientiousness during the past year.

On behalf of the Board of Directors,  
ALEXANDER H. DOUGLAS  
*Chairman of the Board and President*





Autolec's new premises, located in Sudbury, provide 30,000 square feet for Warehousing, Offices and Unit Shops, to efficiently serve the needs of the Trade and Industry in Northern Ontario.

Autolec's new Peterborough premises provide 9,600 square feet for Warehousing to Service the requirements of Industry and the Service Trade in one of Canada's busy Industrial and Resort Areas in Central Ontario.





# Consolidated statement of income

Year ended December 31, 1971

(with comparative figures for 1970)

	1971	1970
Sales	31,509,393 ✓	(as restated) \$29,001,416 ✓
Cost of sales, technical services and other operating costs	30,695,787	28,910,597
Interest on non-current liabilities	119,387	117,506
Depreciation	203,519	193,333
	<u>31,018,693</u>	<u>29,221,436</u>
Income (loss) before income taxes and extraordinary items	490,700	(220,020)
Income taxes		
Current (1970 recoverable)	207,696	(21,845)
Deferred	19,718	(29,854)
	<u>227,414</u>	<u>(51,699)</u>
Income (loss) before extraordinary items	263,286 ✓	(168,321) ✓
Extraordinary items		
Loss on disposal of fixed assets	(5,420)	
Income tax reduction due to carry-forward of prior years' losses	73,600	
	<u>68,180</u>	
Net income (loss) for the year	<u>331,466</u> ✓	<u>\$ (168,321)</u>
Earnings (loss) per share		
Income (loss) before extraordinary items	43¢	(28¢)
Net income (loss) for the year.	54¢ ✓	(28¢)



## Consolidated statement of retained earnings

Year ended December 31, 1971

(with comparative figures for 1970)

	1971	1970
		(as restated)
Balance at beginning of year		
As previously reported	2,870,324	\$ 3,260,667
Income tax reassessments relating to prior years	13,346	13,346
Adjustment of write-off of excess of cost over book value of dates of acquiring shares of subsidiaries	22,550	
	35,896	13,346
As restated	2,834,428	3,247,321
Net income (loss) for the year	331,466	(168,321)
	3,165,894	3,079,000
Deduct:		
Dividends—19½¢ per share (1970—30¢ per share)	119,225	183,426
Write-off of excess of cost over book value at dates of acquiring shares of subsidiaries		61,146
	119,225	244,572
Balance at end of year	3,046,669	\$ 2,834,428





# Auto Electric Service Company, Limited and subsidiary companies

(Incorporated under the laws of Ontario)

## Assets

	1971	1970
		(as restated)
<b>Current assets</b>		
Cash	329,204	\$ 176,245
Government bonds, at cost (quoted market value 1971, \$6,925: 1970, \$10,437)	6,790	10,710
Accounts receivable, less allowance for doubtful accounts of \$114,770 (1970, \$156,396)	4,689,020	4,702,097
Income tax refund claim	7,591,324	51,769
Inventories, at lower of cost and net realizable value	66,040	7,202,498
Prepaid expenses	12,682,378	112,191
	<u>52,259</u>	<u>12,255,510</u>
<b>Investments, at cost</b>		
	52,259	52,259
<b>Fixed assets, at cost</b>		
Land	448,303	377,877
Buildings	1,275,360	1,011,325
Equipment	1,870,102	1,834,916
Automotive equipment	291,142	282,298
Leasehold improvements	192,706	145,846
	<u>4,077,613</u>	<u>3,652,262</u>
Less accumulated depreciation	2,109,879	2,037,264
	<u>1,967,734</u>	<u>1,614,998</u>
	<u>\$14,702,371</u>	<u>\$13,922,767</u>

## Auditors' Report

To the Shareholders of  
Auto Electric Service Company, Limited

We have examined the consolidated balance sheet of Auto Electric Service Company, Limited and subsidiary companies as at December 31, 1971 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. In our opinion these consolidated financial statements present fairly the financial position of the

companies as at December 31, 1971 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

**Thorne, Gunn, Helliwell & Christenson**  
*Chartered Accountants*

Toronto, Canada  
April 10, 1972



# Consolidated balance sheet

Year ended December 31, 1971

(with comparative figures at December 31, 1970)

## Liabilities

1971

1970

(as restated)

### Current liabilities

Bank advances (secured by accounts receivable)

3,896,433

\$ 3,550,445

Accounts payable and accrued liabilities

3,130,034

3,045,569

Income and other taxes payable

152,882

68,633

Deferred interest income

36,148

56,912

Mortgage payments due within one year

56,987

47,456

7,272,484

6,769,015

### Non-current liabilities

Bank advances due after 1972 (secured by accounts receivable)

1,000,000

1,000,000

Mortgages payable (note 1)

453,938

409,762

1,453,938

1,409,762

### Deferred income taxes

27,878

8,160

## Shareholders' Equity

### Capital stock (note 2)

Authorized—2,000,000 shares without par value

Issued — 611,407 shares

2,901,402

2,901,402

### Retained earnings

3,046,669

2,834,428

5,948,071

5,735,830

\$14,702,371

\$13,922,767

Contingent liabilities (note 3)

*Approved by the Board*

A. H. Douglas, *Director*

T. M. Bradfield, *Director*





# Consolidated statement of source and application of funds

Year ended December 31, 1971

(with comparative figures for 1970)

	1971	1970
		(as restated)
<b>Source of funds</b>		
Operations		
Net income for the year	331,466	
Items not involving current funds		
Depreciation	203,519	
Deferred income taxes	19,718	
Loss on disposal of fixed assets	5,420	
	560,123	
Proceeds from mortgage loans	109,425	
Proceeds from sale of fixed assets	57,520	
	727,068	
<b>Application of funds</b>		
Operations		
Loss of the year		\$ 168,321
Items not involving current funds		
Depreciation		(193,333)
Deferred income taxes		29,854
		4,842
Additions to fixed assets, net	619,195	187,195
Dividends	119,225	183,426
Mortgages payable	65,249	47,460
	803,669	422,923
Decrease in working capital	76,601	422,923
Working capital at beginning of year	5,486,495	5,909,418
Working capital at end of year	5,409,894	\$ 5,486,495





# Notes to consolidated financial statements

December 31, 1971

## 1. Mortgages payable

(excluding amounts due within one year)

	<u>1971</u>	<u>1970</u>
5¼% payable \$5,000 per annum principal to November 1, 1974	\$ 10,000	\$ 15,000
7½% due July 29, 1973	25,000	25,000
7% payable \$462 per month principal and interest to June 1, 1973	52,612	54,626
9% due February 1, 1976	35,925	
7% payable \$591 per month principal and interest to December 1, 1976	11,651	15,136
6½% payable \$37,500 per annum principal to March 13, 1979	262,500	300,000
8½% payable \$750 per month principal to March 23, 1979	56,250	
	<u>\$453,938</u>	<u>\$409,762</u>

## 2. Capital stock

In accordance with the share option plan for officers and key employees, there were 22,000 shares under option at December 31, 1971 at \$6.75 per share. Options covering 20,000 of these shares expired unexercised, on February 6, 1972 and options covering the remaining 2,000 shares are exercisable up to November 17, 1972.

## 3. Contingent liabilities

### (a) Mortgages payable

Under the terms of joint mortgages payable on property occupied under lease agreements, a subsidiary company was contingently liable for \$127,792 mortgage principal at December 31, 1971.

### (b) Customer contracts

A subsidiary company was contingently liable for discounted customer contracts in the amount of \$246,545 at December 31, 1971.

### (c) Income taxes

Income tax returns for the years 1967 to 1970 are currently under examination by the Department of National Revenue. While the outcome of these matters is not determinable at this time, the company is of the opinion that any liability arising from the issues involved would not materially affect the company's consolidated financial position at December 31, 1971. Any such liability would be in addition to the income tax reassessments shown in the consolidated statement of retained earnings.

## 4. Long-term leases

The company is committed to annual rentals of \$60,000 on leases which expire on December 31, 1990, (\$50,400) and on September 30, 1991 (\$9,600).

Under the terms of a sub-lease, with the landlord, dated March 7, 1972, the annual rental commitment of \$50,400 is to be assumed by the landlord from October 1, 1973 to the expiry of the lease on December 30, 1990. In the event of default by the landlord the company, as the head tenant, is liable for the rental payments.

## 5. Other statutory information

Remuneration of directors and senior officers including remuneration of the five highest paid employees as required under The Business Corporations Act amounted to:

	<u>1971</u>	<u>1970</u>
Directors	\$ 53,293	\$ 48,439
Other senior officers	92,050	91,375
	<u>\$145,343</u>	<u>\$139,814</u>

## 6. Comparative figures

The 1970 figures have been restated to reflect the reassessment of income taxes and the adjustment of the write-off of excess of cost over book value at dates of acquiring shares of subsidiaries.



# Auto Electric Service Company, Limited and subsidiary companies

## Central Service & Warehouse Distributors for

APPLIED POWER AUTOMOTIVE CANADA LTD.,  
*Scarborough, Ontario*  
AP PARTS OF CANADA LTD., *Rexdale, Ontario, Canada*  
AMERICAN BRAKEBLOK DIVISION, ABEX INDUSTRIES OF CANADA  
LIMITED, *Lindsay, Ontario, Canada*  
BENDIX AUTOMOTIVE OF CANADA, LIMITED, *Windsor, Ontario, Canada*  
BRIGGS & STRATTON CORPORATION, *Milwaukee, Wisconsin, U.S.A.*  
CANADIAN CURTISS-WRIGHT LIMITED, *Rexdale, Ontario, Canada*  
CANADIAN GENERAL ELECTRIC COMPANY LIMITED, *Toronto, Ontario,  
Canada*  
CANADIAN SHALER PRODUCTS LIMITED, *Toronto, Ontario, Canada*  
CARTER CARBURETOR DIVISION OF ACF INDUSTRIES INC. *St. Louis,  
Mo., U.S.A.*  
CARTER TEMRO LTD., *Winnipeg, Manitoba, Canada*  
CHAMPION SPARK PLUG OF CANADA LIMITED, *Windsor, Ontario, Canada*  
CHECK PRODUCTS LIMITED, *Calgary, Alberta, Canada*  
CHRYSLER CORPORATION (INTROL DIVISION), *Ann Arbor, Michigan,  
U.S.A.*  
CHRYSLER OUTBOARD CORPORATION, *Hartford, Wisconsin, U.S.A.*  
CLINTON ENGINES CORPORATION, *Maquoketa, Iowa, U.S.A.*  
COLT INDUSTRIES, FAIRBANKS, MORSE INCORPORATED, *Beloit,  
Wisconsin, U.S.A.*  
CONTROLS COMPANY (CANADA) LIMITED, *St. Thomas, Ontario, Canada*  
DILL MANUFACTURING COMPANY OF CANADA LIMITED, *Toronto,  
Ontario, Canada*  
DOMINION AUTO ACCESSORIES LIMITED, *Toronto, Ontario, Canada*  
DOMINION ELECTROHOME INDUSTRIES LIMITED, MOTOR & METAL  
PRODUCTS DIVISION, *Kitchener, Ontario, Canada*  
E.S.B. CANADA LIMITED, AUTOMOTIVE DIVISION, *Toronto, Ontario, Canada*  
FORD MOTOR COMPANY OF CANADA LIMITED, MOTORCRAFT  
DISTRIBUTOR SALES, *Oakville, Ontario, Canada*  
GABRIEL OF CANADA LIMITED, *Toronto, Ontario, Canada*  
GATES RUBBER OF CANADA LIMITED, *Brantford, Ontario, Canada*  
GOULD INC., FERRALOY DIVISION, *Salem, Indiana, U.S.A.*  
GRAY TOOL COMPANY OF CANADA LIMITED, *Bramalea, Ontario, Canada*  
HAMILTON INSTRUMENTS DIVISION, DATCON INSTRUMENT COMPANY,  
*Peterborough, Penn., U.S.A.*  
K. D. MANUFACTURING CO., *Lancaster, Penn., U.S.A.*

KELLY-SPRINGFIELD TIRE CO. OF CANADA LIMITED, *Cooksville,  
Ontario, Canada*  
KNOX LABORATORIES, *Chicago, Illinois, U.S.A.*  
KRALINATOR FILTERS LIMITED, *Preston, Ontario, Canada*  
LINCOLN ENGINEERING CO. (CANADA) LTD., *Rexdale, Ontario, Canada*  
JOSEPH LUCAS LIMITED, *Birmingham, England*  
MARVEL-SCHEBLER PRODUCTS DIVISION, BORG-WARNER  
CORPORATION, *Decatur, Illinois, U.S.A.*  
MINNESOTA MINING AND MANUFACTURING OF CANADA LIMITED,  
*London, Ontario, Canada*  
MOTOROLA AUTOMOTIVE PRODUCTS INCORPORATED, *Franklin Park,  
Illinois, U.S.A.*  
NASCO DIVISION, HAYES-DANA LIMITED, *Stoney Creek, Ontario, Canada*  
O & R ENGINES INCORPORATED, *Los Angeles, California, U.S.A.*  
H. PAULIN & COMPANY LIMITED, *Scarborough & Sheridan Park, Ontario*  
PERFECT CIRCLE-VICTOR DIVISION HAYES-DANA LIMITED, *St. Thomas,  
Ontario, Canada*  
THE PRESTOLITE COMPANY, DIVISION OF ELTRA OF CANADA LIMITED,  
*Sarnia, Ontario, Canada*  
PUROLATOR PRODUCTS (CANADA) LIMITED, *Port Credit, Ontario, Canada*  
RAYBESTOS MANHATTAN (CANADA) LIMITED, *Peterborough, Ontario,  
Canada*  
ROCKWELL MANUFACTURING COMPANY, JLO OPERATIONS,  
*Syracuse, NY., U.S.A.*  
SLICK ELECTRO INCORPORATED, *Rockford, Illinois, U.S.A.*  
SWINGLINE OF CANADA LIMITED, *Toronto, Ontario, Canada*  
TILLOTSON MANUFACTURING COMPANY, *Toledo, Ohio, U.S.A.*  
TRICO PRODUCTS CORPORATION, *Buffalo, N.Y., U.S.A.*  
TRIDON MANUFACTURING LIMITED, *Burlington, Ontario, Canada*  
TUNG-SOL INTERNATIONAL CORPORATION, *Bramalea, Ontario, Canada*  
WAGNER BRAKE COMPANY LIMITED, *Bramalea, Ontario, Canada*  
WALBRO CORPORATION, *Cass City, Michigan, U.S.A.*  
WALKER MARKETING OF CANADA LIMITED, *Galt, Ontario, Canada*  
THE WEATHERHEAD COMPANY OF CANADA LIMITED, *St. Thomas,  
Ontario, Canada*  
WICO-THE PRESTOLITE COMPANY DIVISION OF ELTRA CORPORATION,  
*Toledo, Ohio, U.S.A.*  
WILSON AUTO ELECTRIC LIMITED, *Winnipeg, Manitoba, Canada*

## Service Distributors & Wholesalers for

AEROQUIP CANADA LIMITED, *Toronto, Ontario, Canada*  
ROBERT BOSCH (CANADA) LIMITED, *Toronto, Ontario, Canada*  
CANADIAN INDUSTRIES LIMITED, *Toronto, Ontario, Canada*  
CANADIAN SKF COMPANY LIMITED, *Scarborough, Ontario, Canada*  
CHICAGO RAWHIDE PRODUCTS CANADA LIMITED, *Brantford, Ontario,  
Canada*  
DE VILBISS (CANADA) LIMITED, *Barrie, Ontario, Canada*  
DU PONT OF CANADA LIMITED, *Montreal, P.Q., Canada*  
HEIN-WERNER OF CANADA LIMITED, *Ajax, Ontario, Canada*  
HOLLEY CARBURETOR COMPANY, *Warren, Michigan, U.S.A.*  
KOHLER COMPANY, *Kohler, Wisconsin, U.S.A.*  
LAUSON-POWER PRODUCTS, DIVISION OF TECUMSEH PRODUCTS  
COMPANY, *Grafton, Wisconsin, U.S.A.*

LEECE-NEVILLE COMPANY, *Cleveland, Ohio, U.S.A.*  
JOSEPH LUCAS (CANADA) LIMITED, CAV LIMITED, *Toronto, Ontario,  
Canada*  
MERIT AUTOMOTIVE PRODUCTS LIMITED, *Toronto, Ontario, Canada*  
OUTBOARD MARINE CORPORATION OF CANADA LIMITED, *Peterborough,  
Ontario, Canada*  
QUAKER STATE OIL REFINING COMPANY OF CANADA LIMITED,  
*Toronto, Ontario, Canada*  
R. M. HOLLINGSHEAD CORPORATION OF CANADA LIMITED,  
*Bowmanville, Ontario, Canada*  
SIOUX TOOLS INCORPORATED, *Sioux City, Iowa, U.S.A.*  
SMITHS INDUSTRIES NORTH AMERICA LIMITED, *Scarborough, Ontario,  
Canada*  
TELEDYNE CONTINENTAL MOTORS, *Elk Grove Village, Illinois, U.S.A.*  
THOMPSON PRODUCTS LIMITED, *St. Catharines, Ontario, Canada*

## Appliance Distributors for

CANADIAN WESTINGHOUSE COMPANY, *Don Mills, Ontario, Canada*  
CHANNEL MASTER, *St. Thomas, Ontario, Canada*  
CREDA INC. (Parnall Dryers), *London, England*  
DOMINION ELECTROHOME INDUSTRIES LIMITED, *Kitchener, Ontario,  
Canada*  
HUPP CANADA LIMITED, *Gibson, Roy, L'Assomption, P.Q., Canada*  
GTE SYLVANIA CANADA LIMITED, *Montreal, Quebec, Canada*  
IDESIT INDUSTRIA, *Torino, Italy*  
JET METAL PRODUCTS, *Weston, Ontario, Canada*  
KELVINATOR OF CANADA LIMITED, *Galt, Ontario, Canada*

KRAMER MAGNETICS LTD., *Port Credit, Ontario, Canada*  
MATSUSHITA ELECTRIC OF CANADA LIMITED, PANASONIC—Home  
Entertainment, Closed Circuit Television, Video Tape Recorders, *Rexdale,  
Ontario, Canada*  
MOTOR WHEEL CORPORATION, *LaGrange, Indiana, U.S.A.*  
ONWARD MANUFACTURING COMPANY LIMITED, *Kitchener, Ontario,  
Canada*  
PHILIPS ELECTRONICS INDUSTRIES LTD., *Toronto, Ontario, Canada*  
RAY-O-VAC DIVISION E.S.B. CANADA LIMITED, *Toronto, Ontario, Canada*  
ROGERS MAJESTIC, *Toronto, Ontario, Canada*  
SHARP ELECTRONICS, *Downsview, Ontario, Canada*











# AR45

AUTO ELECTRIC SERVICE COMPANY,  
LIMITED  
and subsidiary companies

## CONSOLIDATED STATEMENT OF INCOME SIX MONTHS ENDED JUNE 30th, 1971 (unaudited)

	1971	1970
Sales	\$14,643,540	\$13,763,248
Cost of sales and operating expenses	14,522,851	13,662,860
Income before income taxes	120,689	100,388
Income taxes		40,000
Net income	\$ 120,689	\$ 60,388

No provision has been made for income taxes because of the 1970 loss.

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR SIX MONTHS ENDED JUNE 30, 1971

Source of funds	1971	1970
Operations		
Net income (above)	\$ 120,689	\$ 60,388
Depreciation	90,025	78,950
Mortgages assumed	109,425	—
	\$ 320,139	\$ 139,338
Application of funds		
Addition to fixed assets	\$ 278,138	\$ 31,645
Dividends	70,313	91,713
Mortgages and notes payable	46,226	39,777
Investments	—	17,096
	\$ 394,677	\$ 180,231
Decrease in working capital	\$ 74,538	\$ 40,893
Working capital January 1	5,499,841	5,922,764
Working capital June 30	\$ 5,425,303	\$ 5,881,871

AUTO ELECTRIC SERVICE COMPANY,  
LIMITED



# INTERIM REPORT TO SHARE- HOLDERS

FOR THE SIX MONTHS ENDED  
JUNE 30th, 1971



## **TO AUTOLEC SHAREHOLDERS**

Your Directors submit an unaudited report of the Company's operations for the first six months of 1971 and a comparison with 1970.

Our first 6 months' sales increased \$880,292. to \$14,643,540. from \$13,763,248. in 1970.

Our 1971 six months' net profit before taxes was \$120,689. compared to \$100,388. in 1970. Our after tax profits remain at \$120,689. as we made no provision for income taxes due to the loss experienced in 1970. Our 1970 six months' after tax profit was \$60,388.

The earnings per share for the first 6 months in 1971 were 19¢ compared to 10¢ on 611,407 shares issued in both periods.

Our profits have been affected by a write-off of \$33,000. in our appliance division, due to the change in excise taxes, as set out in the Federal Government Tax Reform Bill announced June 18, 1971.

In the British Columbia Division we have been able to increase our profits through increased margins and decreased operating expenses. Our sales in this Division have remained almost the same as 1970. Both sales and profits have increased in the Prairie Provinces and we expect to have improved profits in both Western divisions for the full year.

We continue to encounter serious price cutting and competitive conditions in the Toronto and Southern Ontario region and as a result some of our branches in this area are showing operating losses.

The computer accounting systems are now operating at all our branches across Canada.

### **Air Cooled Engine Division**

We have been appointed Central Service and Warehouse Distributor for the Provinces of Ontario and

Manitoba by Canadian Curtis Wright Corp. Ltd. for the "CCW" air cooled engine. This is a snowmobile engine being manufactured in Japan to Canadian Curtis Wright specifications and being sold to the snowmobile manufacturers by C.C.W.

This Division of our company continues to improve its sales and profits across Canada.

## **PREMISES**

### **Peterborough**

The construction of our new warehouse is nearly completed on a 2 acre parcel of land in the Peterborough Industrial Park. We expect to occupy the premises before September 15, 1971.

### **Sudbury**

We expect to begin construction of a new 30,000 square foot warehouse in Sudbury in early September with occupancy in early 1972.

### **Toronto**

#### **68 Densley Avenue**

In February we purchased a branch warehouse on Densley Avenue in Northwest Toronto and transferred our trade operation to this location from 1000 Lawrence Avenue.

#### **1000 Lawrence Avenue**

The warehouse facilities at this location are now solely occupied by Modern Automotive Warehousing for distribution of automotive parts to the jobbers in Southern Ontario.

The administration offices of Auto Electric Service Company, Limited remain at the same location.

August 19, 1971